

NEW APPLICATION



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Golden Shores Water Company Inc.

Emergency Rate Increase Filing

Dated June 27, 2013

W-01815A-13-0210

Golden Shores Water Company, Inc.

PO Box 37

Topock, AZ 86436

928-769-3110

Arizona Corporation Commission

DOCKETED

JUN 27 2013

DOCKETED BY

NR

QPC INC.

2535 Sundown Circle

Bullhead City, AZ 86442

602-361-4587

Filing Agent

RECEIVED

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**AZ CORP COMMISSION
DOCKET CONTROL**

Golden Shores Water Company Inc.

Attached are the documents required for an emergency rate increase for the Golden Shores Water Company Inc. (Golden Shores). Golden Shores is running a roughly \$445,000 deficit on adjusted 2012 revenues. Golden Shores is requesting a rate increase of approximately 95%. This increase will allow the company the ability to continue to provide service to their roughly 1,510 customers.

Golden Shores last rate increase was in 1999. Over the last decade costs for salaries, fuel, purchased power, etc. have all risen. Golden Shores is also in need of a number of repairs that have been put off due to a lack of funds.

Golden Shores will also be contacting WIFA and the ACC for approval of a financing request. The funds from this financing request will be used for system improvements above and beyond the repairs included in this Emergency Rate Increase Request.

Narrative Cover Sheet

Golden Shores Water Company Inc.

Narrative Cover Sheet

In May of 2011, Linda Boyer Wayland, the 75 year old owner of Golden Shores Water Company (Golden Shores), who had semi-retired several years prior, began to suspect suspicious activity of the part of her acting operations manager and bookkeeper. Mrs. Wayland began an internal investigation. Looking over the books she saw many discrepancies. There were charges that she was not aware of and had not approved. She found her company to be in financial trouble. To cover the shortfall in revenue she went to apply for a loan or a line of credit. When Mrs. Wayland went to Chase Bank in Mohave Valley, she was denied a loan. The bank officer advised her that her company was not profitable and thus a poor credit risk. At this point, Mrs. Wayland took matters into her own hands. She terminated the operations manager who was running the day to day operations of the company and the bookkeeper. She then brought in a new team to assist her in running the company. Mark Sparks was to handle the field operations and Eileen Sparks would assist with the bookkeeping duties. To partially compensate Mark and Eileen for their services Mrs. Wayland has transferred a portion of her company stock to Mark and Eileen. Mark now draws a monthly salary, Eileen is not being compensated at this time.

The week following the termination of the operations manager, Mrs. Wayland discovered the operations manager had purchased a well from the city of needles and started his own water company. This had been done in 2008 without Mrs. Wayland's knowledge or consent. It was also discovered that he had been using Golden Shores Water Company employees and equipment for his own personal well and financial gain. All this was done without her knowledge. In addition the Needles well was purchased by the Operations Manager. This well had been maintained by Golden Shores and the loss of this maintenance agreement cost Golden Shores a revenue stream of between, \$2,000 to \$12,000 a month. Losing this monthly income was another huge blow to this company.

In June of 2011, the company was hit with a lawsuit brought on by the company's Ex-Operating Manager. The company spent considerable time and money defending itself from his claims. The company had to settle the suit due to a lack of funds to defend itself. Since June of 2011, they have cut costs to the best of their ability. They have cut salaries, insurance, office expense, electricity costs, etc. They purchased a used Ford truck with a service bed so that they could improve their repair times and efficiency. They purchased a used Mini Excavator in October of 2012 (loan from Mark Sparks) in order to make their repairs more timely and efficient. This was necessary because of the access problems they are facing with their easements, such as: overgrown foliage, exposed cables, etc.

The company has not had a rate increase since August of 1999. Since that time the cost of doing business has been steadily rising. Salaries, materials and supplies, pipe, repair clamps pump repairs, chemicals, salaries and fuel have all risen over the past decade.

The economy is also having a detrimental effect on the company. The company had 1563 active accounts in January of 2012. As of December 2012 there are only 1519. They are

Requested Amount of Increase

Golden Shores is requesting an increase in rates that would add \$444,994 to the test year (2012) revenue.

Golden Shores Water Company

Explanation of Adjustments

Salaries & Wages	Please see attached payroll schedule.
Purchased Power	Electric company has had a rate increase of just under 16%.
Repairs & Maintenance	Additions \$65.00/ per month for portable toilet for employees at shop. Additional Repairs and Maintenance needed \$136,900 Additional Materials and Supplies needed \$9,973 See attached schedule for detail.
Outside Services	Addition of \$120,000 for rate case filing and financial filing in the next year plus \$16,500 for accounting fees
Water Testing	Additional water testing for Lead and Copper.
Rents	Reduction in rents due to back payments included in 2012 total
Taxes Other Than Income	Inclusion of prior years annual Franchise Fees not paid in 2012 of \$20,555 plus estimated additional taxes on additional revenue received from rate case \$8,900

Company: Golden Shores Water Co Inc Report: P.1/1/13 to 5/1/13

Check Date	Name	Average Hours	Salary	Hourly	Rate	Overtime rate	Average Hours	Rate	Total
	Karen, Brereton E	15.00	\$ 250.00		\$ 250.00				\$ 250.00
	Loyd, Roy W	80.00	\$ -	\$ 14.50	\$ 1,160.00	\$ 21.75	8	\$ 174.00	\$ 1,334.00
	Redd, Angela G	60.00		\$ 11.25	\$ 675.00				\$ 675.00
	Redd, Katherine S	32.00		\$ 8.50	\$ 272.00				\$ 272.00
	Stone, Cameron M	80.00		\$ 12.50	\$ 1,000.00	\$ 18.75	8	\$ 150.00	\$ 1,150.00
Pay Frequency Totals: Biweekly									
Company Totals:									
									\$ 3,681.00
									\$ 26.00
									<u>\$ 95,706.00</u>

Please note these figures are based on biweekly payroll

Also please note that Roy and Cameron average 8 hours each of overtime each 2 weeks, they average 16 hours OT each month

Golden Shores Water Company

Repairs and Maintenance

	<u>Cost</u>	<u>Quantity</u>	<u>Total</u>	<u>Total Cost</u>
<u>Repairs & Replacements</u>				
Ball Valves	\$ 49.52	180.00	\$ 8,913.60	
Meter Boxes	\$ 249.30	180.00	\$ 44,874.00	
Meter Box Lids	\$ 163.80	180.00	\$ 29,484.00	
6" gate valve	\$ 525.00	35.00	\$ 18,375.00	
Meter Replacements	\$ 110.00	180.00	\$ 19,800.00	
Automatic Flush Valves	\$ 204.23	35.00	\$ 7,148.05	
Complete Set Of Hand Tolols	\$ 3,500.00	1.00	\$ 3,500.00	
Fluke 374 Volt Meter	\$ 299.99	1.00	\$ 299.99	
Fluke 62 Mak Thermometer	\$ 115.95	1.00	\$ 115.95	
Plasma Cutter	\$ 2,500.00	1.00	\$ 2,500.00	
Wood Chipper	\$ 1,890.00	1.00	\$ 1,890.00	
Total				\$ 136,900.59

<u>Materials & Supplies</u>				
6" Booster Pump & 24 HP Motor	\$ 4,000.00	1.00	\$ 4,000.00	
6"Pressure Reducing Valve	\$ 2,450.00	1.00	\$ 2,450.00	
6" Ductile Iron Tees	\$ 159.60	3.00	\$ 478.80	
6" Ductile Iron Cross	\$ 232.32	1.00	\$ 232.32	
6" to 4" Ductile Iron Reducer	\$ 46.20	3.00	\$ 138.60	
4" Romax Extended Range Coupling	\$ 113.36	4.00	\$ 453.44	
6" PVC C900 Class 200	\$ 6.80	40.00	\$ 272.00	
6" Ductile Iron Pipe	\$ 15.56	36.00	\$ 560.16	
6" Romax Extended Range Coupling	\$ 159.48	4.00	\$ 637.92	
Misc. Glue, Clamps and Supplies			\$ 750.00	
Total				\$ 9,973.24

Golden Shores Water Company
Revenue Analysis

Current Rates												
C	D	E	F	G (F/E)	H (G/12)	J	K	L ((H/1,000)xK)	M (J+L)	N (Mx12)	P (ExN)	
Customer Classification	Meter Size	Number Of Customers	Total Annual Usage	Average Annual Usage	Average Monthly Usage	Base Charge	Commodity Rate	Commodity Charge	Average Monthly Charge	Total Annual Charge	Total Anticipated Revenue	
				Per Customer	Per Customer							\$
Residential	5/8" x 3/4"	1,510.00	125,522,000.00	83,127.15	6,927.26	\$ 16.05	\$ 1.31	9.07	\$ 25.12	\$ 301.50	\$ 455,259.82	
Commercial	5/8" x 3/4"	24.00	2,450,000.00	102,083.33	8,506.94	\$ 16.05	\$ 1.31	11.14	\$ 27.19	\$ 326.33	\$ 7,831.90	
Commercial	1"	2.00	173,000.00	86,500.00	7,208.33	\$ 50.00	\$ 1.31	9.44	\$ 59.44	\$ 713.32	\$ 1,426.63	
Commercial	2"	1.00	344,000.00	344,000.00	28,666.67	\$ 250.00	\$ 1.31	37.55	\$ 287.55	\$ 3,450.64	\$ 3,450.64	
			128,489,000.00									\$ 467,968.99

Proposed Rates												
C	D	E	F	G (F/E)	H (G/12)	J	K	L ((H/1,000)xK)	M (J+L)	N (Mx12)	P (ExN)	
Customer Classification	Meter Size	Number Of Customers	Total Annual Usage	Average Annual Usage	Average Monthly Usage	Base Charge	Commodity Rate	Commodity Charge	Average Monthly Charge	Total Average Annual Charge	Total Anticipated Revenue	
				Per Customer	Per Customer							Per Customer
Residential	5/8" x 3/4"	1,510.00	125,522,000.00	83,127.15	6,927.26	\$ 29.00	\$ 2.86	19.81	\$ 48.81	\$ 585.74	\$ 884,472.92	
Commercial	5/8" x 3/4"	27.00	2,450,000.00	90,740.74	7,561.73	\$ 40.00	\$ 2.86	21.63	\$ 61.63	\$ 739.52	\$ 19,967.00	
Commercial	1"	2.00	173,000.00	86,500.00	7,208.33	\$ 94.00	\$ 2.86	20.62	\$ 114.62	\$ 1,375.39	\$ 2,750.78	
Commercial	2"	1.00	344,000.00	344,000.00	28,666.67	\$ 480.00	\$ 2.86	81.99	\$ 561.99	\$ 6,743.84	\$ 6,743.84	
			128,489,000.00									\$ 913,934.54

Rate Increase

Customer Classification	Meter Size	Increase	Percent
Residential	5/8" x 3/4"	\$ 23.69	94.28%
Commercial	5/8" x 3/4"	\$ 34.43	126.62%
Commercial	1"	\$ 55.17	92.82%
Commercial	2"	\$ 274.43	95.44%

Method of Collecting Amount Of Rate Increase

Method of Collecting Amount Of Rate Increase

The method of collecting the amount of revenue shortfall is to increase the monthly Base Charge and Commodity Charge to customers. Golden Shores currently has only four Customer Categories. These categories are Residential, Commercial 5/8" x 3/4", Commercial 1" and Commercial 2". The commercial 5/8" x 3/4" customers have been incorrectly charged at the residential 5/8" x 3/4" rate since the last rate case. This has caused the rate increase to those customers to be greater than the increase to other customers. This adjustment will affect 24 commercial customers.

The new rates to be charged to customers would be as follows:

	Base Charge	Commodity Charge	Percent Increase
Residential 5/8" x 3/4"	\$29.00	\$2.86	94.3%
Commercial 5/8" x 3/4"	\$40.00	\$2.86	126.6%
Commercial 1"	\$94.00	\$2.86	92.8%
Commercial 2"	\$480.00	\$2.86	95.4%

Existing rates are as follows:

	Base Charge	Commodity Charge
Residential 5/8" x 3/4"	\$16.05	\$1.31
Commercial 5/8" x 3/4"	\$16.05	\$1.31
Commercial 1"	\$50.00	\$1.31
Commercial 2"	\$250.00	\$1.31

Golden Shores Water Company

Revenue Analysis

Current Rates

C	D	E	F	G (F/E)	H (G/12)	J	K	L ((H/1,000)xK)	M (J+L)	N (Mx12)	P (ExN)
Customer Classification	Meter Size	Number Of Customers	Total Annual Usage	Average Annual Usage Per Customer	Average Monthly Usage Per Customer	Base Charge	Commodity Rate	Commodity Charge	Total Average Monthly Charge	Total Average Annual Charge	Total Anticipated Revenue
Residential	5/8" x 3/4"	1,510.00	125,522,000.00	83,127.15	6,927.26	\$ 16.05	\$ 1.31	\$ 9.07	\$ 25.12	\$ 301.50	\$ 455,259.82
Commercial	5/8" x 3/4"	24.00	2,450,000.00	102,083.33	8,506.94	\$ 16.05	\$ 1.31	\$ 11.14	\$ 27.19	\$ 326.33	\$ 7,831.90
Commercial	1"	2.00	173,000.00	86,500.00	7,208.33	\$ 50.00	\$ 1.31	\$ 9.44	\$ 59.44	\$ 713.32	\$ 1,426.63
Commercial	2"	1.00	344,000.00	344,000.00	28,666.67	\$ 250.00	\$ 1.31	\$ 37.55	\$ 287.55	\$ 3,450.64	\$ 3,450.64
			128,489,000.00								\$ 467,968.99

Proposed Rates

C	D	E	F	G (F/E)	H (G/12)	J	K	L ((H/1,000)xK)	M (J+L)	N (Mx12)	P (ExN)
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Rate Increase

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